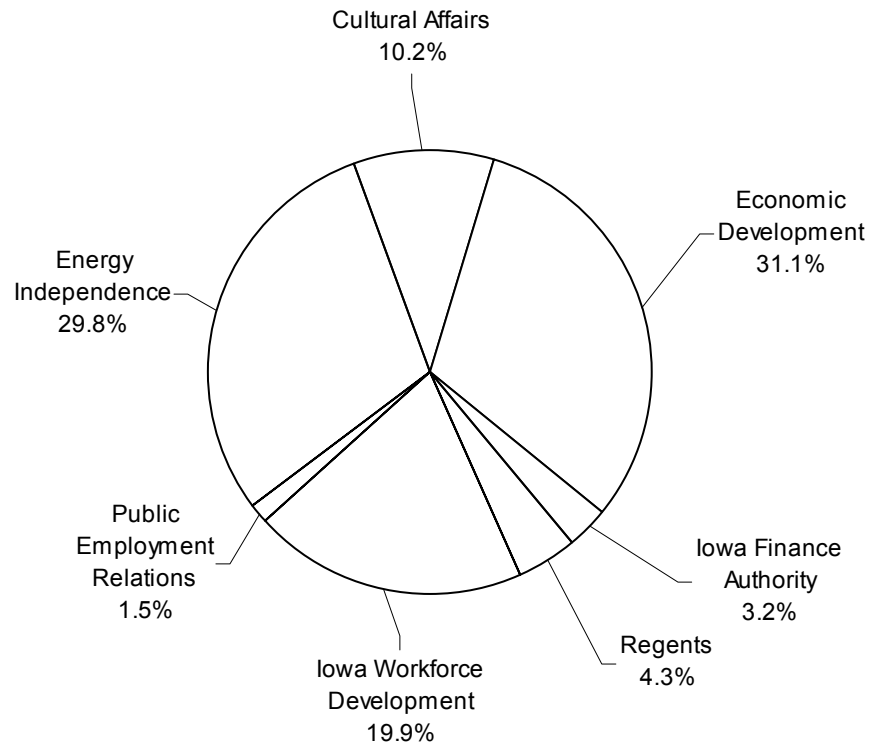
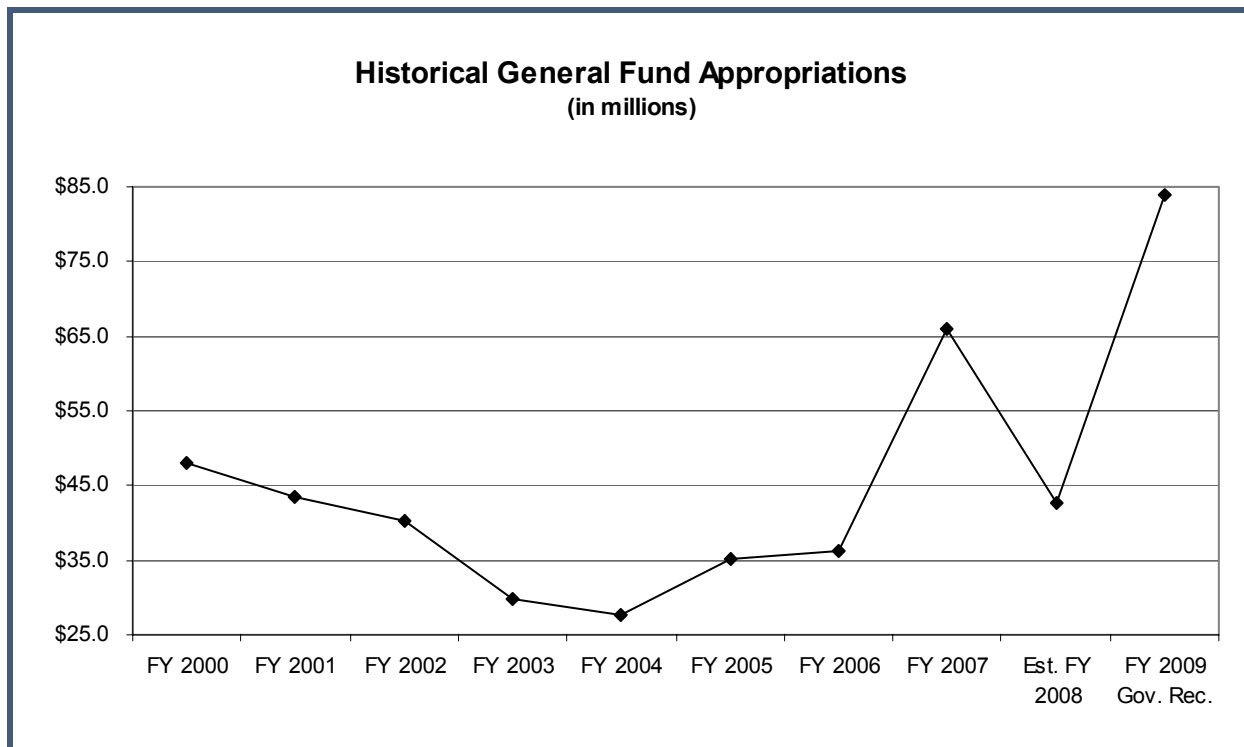


ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 2009 General Fund Governor's Recommendations



Cultural Affairs	\$ 8,551,397
Economic Development	26,125,000
Iowa Finance Authority	2,700,000
Regents	3,627,439
Iowa Workforce Development	16,758,076
Public Employment Relations	1,233,283
Energy Independence	25,000,000
	<u>\$ 83,995,195</u>



FY 2009 GOVERNOR'S RECOMMENDATIONS

Department of Cultural Affairs

The Iowa Department of Cultural Affairs provides cultural leadership and direction for the State through the Iowa Arts Council and the State Historical Society of Iowa.

The Governor is recommending FY 2009 General Fund appropriations totaling \$8,551,397. This is an increase of \$1,300,000 compared to estimated FY 2008.

General Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
<u>Cultural Affairs, Department of</u>			
Administration Division	\$ 255,418	\$ 255,418	\$ 0
Community Cultural Grants	299,240	299,240	0
Historical Division	3,763,782	3,763,782	0
Historic Sites	576,395	576,395	0
Arts Division	1,246,392	1,246,392	0
Great Places	322,231	322,231	0
Archiving Former Governor's Papers	82,171	82,171	0

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Cultural Affairs, Department of, cont.			
Records Center Rent	185,768	185,768	0
County Endowment Funding - DCA Grants	520,000	520,000	0
Battle Flag Stabilization	0	220,000	220,000
Historic Preservation	0	1,000,000	1,000,000
Kimball Organ Restoration	0	80,000	80,000
Total Cultural Affairs, Department of	\$ 7,251,397	\$ 8,551,397	\$ 1,300,000

Significant General Fund increases include:

- An increase of \$1,000,000 to support historic preservation. The Department received a \$1,000,000 FY 2008 appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) for this purpose.
- An increase of \$220,000 to continue restoration of Iowa battle flags. The Department received a \$220,000 FY 2008 appropriation from the RIIF for this purpose.
- An increase of \$80,000 to support the historic preservation of the Union Sunday School Kimball Pipe Organ at the Montauk Historic Site. The organ, constructed in 1896, is the largest tubular pneumatic organ in the United States. The organ was donated to the City of Clermont by William Larrabee, the 12th Governor of Iowa.

Issues

Iowa Cultural Trust – At any time when the principal balance in the Iowa Cultural Trust Fund equals or exceeds \$3,000,000, the Board of Trustees of the Iowa Cultural Trust may use moneys for a Statewide educational program to promote participation in, expanded support of, and local endowment building for, Iowa nonprofit arts, history, and sciences and humanities organizations. The current balance in the Fund, as of January 21, 2007, is \$3,475,806. The Trust Fund receives a transfer from the Grow Iowa Values Fund of \$1,000,000 annually and retains interest earned on the Trust Fund.

Department of Economic Development

The main products and services offered by the Iowa Department of Economic Development generally involve business development or community development. The types of products and services in both categories include the following:

- Marketing and promotion to encourage customers and partners to help achieve common development goals.
- Financial assistance to communities and businesses for specific development.
- Technical assistance to communities and community organizations and businesses.

The Governor is recommending FY 2009 General Fund appropriations totaling \$26,125,000. This is an increase of \$9,338,660 compared to estimated FY 2008. The Governor is also recommending FY 2009 other fund appropriations totaling \$50,000,000. This is a decrease of \$7,875,000 compared to estimated FY 2008.

General Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Economic Development, Dept. of			
Economic Dev. Administration	\$ 2,125,661	\$ 0	\$ -2,125,661
Business Development	6,611,963	0	-6,611,963
Community Development Division	6,448,716	0	-6,448,716
World Food Prize	450,000	450,000	0
Endow Iowa Grants	50,000	0	-50,000
Tourism Marketing - AGR	1,100,000	1,100,000	0
Regional Sports Authorities GF	0	500,000	500,000
Workforce Training & Econ. Dev.	0	2,000,000	2,000,000
Workforce Development Appr	0	4,000,000	4,000,000
Economic Development Operations	0	18,075,000	18,075,000
Total Economic Development, Dept. of	\$ 16,786,340	\$ 26,125,000	\$ 9,338,660

Significant General Fund changes include:

- An increase of \$4,000,000 for the Workforce Development Fund. The Department received a \$4,000,000 FY 2008 appropriation from the Workforce Development Fund Account. The Workforce Development Fund Account was established in Section 15.342A, Code of Iowa, to receive job training payroll withholdings as required by Section 422.16A, Code of Iowa. The Governor is recommending deposit of the withholdings to the General Fund.
- An increase of \$2,000,000 to provide job training for new and existing employees. The Department received a \$2,000,000 FY 2008 appropriation from the RIIF for this purpose.
- An increase of \$2,000,000 for unspecified purposes. The appropriation will be used in part to continue services and programs that serve targeted small businesses. The Department received FY 2007 supplemental appropriations totaling \$3,900,000 million for services and programs that serve targeted small businesses. The Governor is also recommending the consolidation of the appropriations for Economic Development Administration, Business Development, and Community Development, in a new Economic Development Operations appropriation.
- An increase of \$900,000 for programs targeted at innovation and commercialization of products and services through the support of targeted industries infrastructure. The Department received a \$900,000 FY 2008 appropriation from the RIIF for this purpose. The increase will be for the new Economic Development Operations appropriation.
- An increase of \$500,000 for support of Regional Sports Authorities. The Department received a \$500,000 FY 2008 appropriation from the RIIF for this purpose.
- A decrease of \$50,000 for Endow Iowa Grants. This was a standing limited General Fund appropriation created during the 2005 Legislative Session by HF 809 (FY 2006 Economic Development Appropriations Act). The Act established FY 2008 as the last year for the appropriation.

Other Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Economic Development, Dept. of			
Council of Governments-R.C. 2000	\$ 50,000	\$ 0	\$ -50,000
Insurance Division Revenue	100,000	0	-100,000
Workforce Development Appropriation	4,000,000	0	-4,000,000
Renewable Fuels Infrastructure-GIVF	2,000,000	2,000,000	0
Renewable Fuels Infrastructure-UST	3,500,000	0	-3,500,000
DED Programs-GIVF	30,000,000	30,000,000	0
Regents Institutions-GIVF	5,000,000	5,000,000	0
State Parks-GIVF	1,000,000	1,000,000	0
Cultural Trust Fund-GIVF	1,000,000	1,000,000	0
Workforce and Econ. Dev.-GIVF	7,000,000	7,000,000	0
Regional Financial Assistance-GIVF	1,000,000	1,000,000	0
NPDES Elimination System Permits	100,000	0	-100,000
Iowa Comm Volunteer Ser.-HITT	125,000	0	-125,000
Targeted Industries-GIVF	3,000,000	3,000,000	0
Total Economic Development, Dept. of	\$ 57,875,000	\$ 50,000,000	\$ -7,875,000

Significant other fund decreases include:

- A decrease of \$4,000,000 for the Workforce Development Fund. The Department received a \$4,000,000 FY 2008 appropriation from the Workforce Development Fund Account that the Governor is not recommending for FY 2009. The Governor is recommending the funding from the General Fund for FY 2009. The Workforce Development Fund Account was established in Section 15.342A, Code of Iowa, to receive job training payroll withholdings as required by Section 422.16A, Code of Iowa. The Governor is recommending deposit of the withholdings to the General Fund.
- A decrease of \$3,500,000 to reflect the expiration of the Renewable Fuels Infrastructure appropriation from the Underground Storage Tank Fund. The funds are being used to provide incentives for the installation of infrastructure for storing and distributing renewable fuels. The appropriation was established in HF 2759 (Renewable Fuels Infrastructure Act) enacted during the 2006 Legislative Session.
- A decrease of \$125,000 from the Healthy Iowans Tobacco Trust (HITT) Account that was used for the Iowa Commission on Volunteer Services. The funding is not being replaced.
- A decrease of \$100,000 from the National Pollutant Discharge Elimination System Permit (NPDES) Fund. The Department of Natural Resources now has an agreement with the Department to fund the environmental advocate that provides NPDES permit assistance to livestock operations.
- A decrease of \$100,000 from Insurance Division Revenues. This is a technical change. The Governor is recommending continuance of the language permitting the use of the \$100,000; however, the Governor does not consider it an appropriation.
- A decrease of \$50,000 from the repayment of loans from the former Rural Community 2000 Program. This is a technical change. The Governor is recommending continuance of the language permitting the use of any repayments; however, the Governor does not consider it an appropriation. An estimated \$20,000 will be available during FY 2009.

Issues

Vision Iowa and Community Attraction and Tourism – The Subcommittee may want to review the operation, administration, and current status of the Vision Iowa and Community Attraction and Tourism Programs. The Programs were created to provide financial assistance to communities for the construction of recreational, cultural, educational, or entertainment facilities that enhance the quality of life in Iowa. The projects have taken place in 91 counties and 200 communities. A total of 293 projects have been funded as of December 13, 2007, and \$320,381,777 has been invested in projects totaling \$1,653,604,657. The Programs have funded approximately 19.4% of the total project costs. As of September 13, 2007, the projects have supported 8,734 temporary construction jobs, and 2,056 permanent jobs have been created, according to project reports. Additional jobs will be created upon the completion of more projects. The LSA is preparing an *Issue Review* in regard to this topic that will be published in the near future.

Iowa Finance Authority

The Iowa Finance Authority (IFA) was created in 1975 to assist in the attainment of housing for low- and moderate-income Iowans. A self-supporting instrumentality of the State, the IFA issues tax-exempt mortgage revenue bonds to support its operation. Over the years, the IFA's duties have been broadened to include Title Guaranty and financing water and wastewater infrastructure projects.

The Governor is recommending an FY 2009 General Fund appropriation of \$2,700,000. This is an increase of \$2,500,000 compared to estimated FY 2008 for the State Housing Trust Fund. The Department received a \$2,500,000 FY 2008 appropriation from the RIIF for this purpose.

General Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Iowa Finance Authority			
Entrepreneurs with Disabilities	\$ 200,000	\$ 200,000	\$ 0
State Housing Trust Fund GF	0	2,500,000	2,500,000
Total Iowa Finance Authority	\$ 200,000	\$ 2,700,000	\$ 2,500,000

Board of Regents

The Economic Development Appropriations Subcommittee appropriates funds to the Board of Regents' universities for the following purposes:

- University of Iowa (SUI) Economic Development appropriation includes Advanced Drug Development, Oakdale Research Park, and Technology Innovation Center.
- Iowa State University (ISU) Economic Development appropriation includes the Institute for Physical Research and Technology, Small Business Development Centers, and ISU Research Park.
- University of Northern Iowa (UNI) Economic Development appropriation includes the Institute for Decision Making, Metal Casting Center, and MyEntrenet.

The Governor is recommending FY 2009 General Fund appropriations totaling \$3,627,439. This is no change compared to estimated FY 2008.

General Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Regents, Board of			
ISU - Economic Development	\$ 2,789,625	\$ 0	\$ -2,789,625
SUI - Economic Development	259,206	0	-259,206
UNI - Economic Development	578,608	0	-578,608
BOR Economic Development	0	3,627,439	3,627,439
Total Regents, Board of	\$ 3,627,439	\$ 3,627,439	\$ 0

Issues

Bioscience, Advanced Manufacturing, and Information Technology – The Subcommittee may want to examine the expenditure of funds appropriated to the Board of Regents to implement initiatives related to the commercialization of bioscience, advanced manufacturing, and information technology. The Regents universities received appropriations totaling \$30,000,000 for FY 2006 and FY 2007 to research, develop, and implement initiatives related to bioscience, advanced manufacturing, and information technology. See the LSA's *Issue Review* on this topic at:

<http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRRNR000.PDF>.

Iowa Workforce Development

The Department of Iowa Workforce Development (IWD) strives to improve the income, productivity, and safety of all Iowans. In conjunction with State and local economic development efforts, IWD also assists businesses in fulfilling workforce needs. The IWD major products and services include:

- Workforce Center Services
- Compliance Assistance and Enforcement
- Unemployment Insurance
- Workforce Information and Analysis
- Adjudication, Compliance, and Education
- Resource Management

The Governor is recommending FY 2009 General Fund appropriations totaling \$16,758,076. This is an increase of \$3,200,000 compared to estimated FY 2008. The Governor is also recommending FY 2009 other fund appropriations totaling \$6,271,000. This is no change compared to estimated FY 2008.

General Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Iowa Workforce Development			
IWD General Fund - Operations	\$ 6,341,284	\$ 8,041,284	\$ 1,700,000
Workforce Development Field Offices	7,216,792	7,716,792	500,000
Statewide Standard Skills Assessment	0	500,000	500,000
Integrated Basic Ed. & Skills Training	0	500,000	500,000
Total Iowa Workforce Development	\$ 13,558,076	\$ 16,758,076	\$ 3,200,000

Significant General Fund increases include:

- \$750,000 for a new program to conduct workforce assessments and vacancy surveys.
- \$500,000 for a new program for statewide standard skills assessments.
- \$500,000 for a new program for integrated basic education and skills training.
- \$500,000 for additional support of the New Iowans Centers.
- \$500,000 for additional support of the Workforce Development Field Offices. The current appropriations are \$7,216,792 from the General Fund and \$5,800,000 from the Unemployment Reserve Interest Fund.
- \$375,000 for a new program to establish offender reentry programs at Newton, Mitchellville, and Rockwell City correctional facilities.
- \$75,000 for a new program to provide employability certification to those who have passed standardized tests.

Other Fund Recommendations

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
Iowa Workforce Development			
P & I Workers' Comp. Division	\$ 471,000	\$ 471,000	\$ 0
IWD Field Offices (UI Reserve Interest)	5,800,000	5,800,000	0
Total Iowa Workforce Development	\$ 6,271,000	\$ 6,271,000	\$ 0

Issues

Federal Funds – The Subcommittee may want to review the Department's federal funding. The Department has been using approximately \$3,900,000 annually from one-time funding sources over the past five years. In addition, employee salary costs have been increasing and federal funding has not increased for the payment of federally-funded employee positions.

Public Employment Relations Board

The Public Employment Relations Board (PERB) is responsible for implementing the provisions of the Public Employment Relations Act (PERA), and for adjudicating and conciliating labor/management disputes involving public employers and employee organizations throughout the State.

The Governor is recommending FY 2009 General Fund appropriations totaling \$1,233,283. This is no change compared to estimated FY 2008.

General Fund Recommendation

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
<u>Public Employment Relations Board</u>			
PER Board - General Office	\$ 1,233,283	\$ 1,233,283	\$ 0
Total Public Employment Relations Board	\$ 1,233,283	\$ 1,233,283	\$ 0

Office of Energy Independence

The Office of Energy Independence was established in 2007 and provides grants and loans for energy-related development.

The Governor is recommending a new FY 2009 General Fund appropriation of \$25.0 million to operate the Office and provide grants and loans for energy-related development. House File 927 (Iowa Power Fund Appropriations Act) established the Iowa Power Fund. The Program was funded with a \$24,670,000 FY 2007 supplemental appropriation to be used for FY 2008 costs.

General Fund Recommendation

	Estimated FY 2008	Gov Rec FY 2009	Gov Rec vs. FY 2008
<u>Energy Independence</u>			
Iowa Power Fund	\$ 0	\$ 25,000,000	\$ 25,000,000
Total Energy Independence	\$ 0	\$ 25,000,000	\$ 25,000,000

Issues

Office Operations –The Governor named Roya Stanley as Director of the Office of Energy Independence, with responsibilities include helping establish the State’s renewable energy policy and assisting the Iowa Renewable Energy Board. The Board oversees the four-year \$99,670,000 Iowa Power Fund. The Iowa Power Fund was created in HF 918 (Iowa Power Fund Act) and the appropriations were made in HF 927 (Iowa Power Fund Appropriations Act). The Economic Development Appropriations Subcommittee may wish to review the operations of the new Office.

INTERIM COMMITTEES, MEETINGS, AND PUBLICATIONS

Skilled Worker Shortage Interim Study Committee

The Skilled Worker Interim Study Committee met on September 24, October 15, and November 19, 2007. The Committee received information related to the Iowa labor force and the skills needed now and in the future. At the November 19 meeting, the Committee made recommendations to the appropriate committees for review and consideration. The recommendations encourage partnerships with employers, school districts, local governments, and State agencies, to address Iowa's skilled worker shortage. The Committee also recommended that current workforce training and education programs should be reviewed for relevance and effectiveness to determine continuation, modification, or elimination. The full text of the Committee's recommendations is available on the General Assembly's web site at: <http://www.legis.state.ia.us/lsadocs/IntComDoc/2008/IDKBH000.PDF>. *The Governor is recommending appropriations to the Iowa Department of Workforce Development as outlined under the Iowa Department of Workforce Development section totaling \$2,700,000 to support the Committee's recommendations.*

Home-Based Child Care Interim Study Committee

Please refer to the Human Services Appropriations Subcommittee section of this document for information regarding the Home-Based Child Care Interim Study Committee.

LSA Publications

The following publication related to the Economic Development Appropriations Subcommittee has been issued by the LSA:

- [Report on Commercialization of Research Appropriations to the Board of Regents](#)

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Subcommittee Web Site: <http://www3.legis.state.ia.us/ga/committee.do?id=34>